

**ST. LANDRY PARISH HOSPITAL  
SERVICE DISTRICT NO. 1**

Eunice, Louisiana

Compiled Financial Statements

Years Ended May 31, 2009 and 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court

Release Date 9/16/09

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## **Darnall, Sikes, Gardes Frederick.**

(A Corporation of Certified Public Accountants)

Board of Commissioners  
St. Landry Parish Hospital Service District No. 1  
Eunice, Louisiana

We have compiled the accompanying financial statements of the St. Landry Parish Hospital Service District No. 1, Eunice Louisiana, a component unit of the St. Landry Parish Government, as of and for the years ended May 31, 2009 and 2008, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of the District's management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management's discussion and analysis, supplementary information required by the Governmental Accounting Standards Board, is not a required part of the basic financial statements. The District has not presented this information as part of the financial report for the year ended May 31, 2009.

*Darnall, Sikes, Gardes & Frederick*

A Corporation of Certified Public Accountants

Eunice, Louisiana  
July 23, 2009

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ST. LANDRY PARISH HOSPITAL SERVICE DISTRICT NO. 1

Statements of Net Assets  
May 31, 2009 and 2008

	2009	2008
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 279,994	\$ 125,582
Other receivables	<u>100,000</u>	<u>179,000</u>
Total current assets	379,994	304,582
PROPERTY, PLANT AND EQUIPMENT, NET	<u>152,908</u>	<u>301,951</u>
TOTAL ASSETS	<u>\$ 532,902</u>	<u>\$ 606,533</u>
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES		
Deferred revenue	\$ 142,969	\$ 146,027
FUND EQUITY	<u>389,933</u>	<u>460,506</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 532,902</u>	<u>\$ 606,533</u>

See accompanying notes and accountant's report.

ST. LANDRY PARISH HOSPITAL SERVICE DISTRICT NO. 1

Statements of Revenues, Expenses and Changes in Net Assets  
Years Ended May 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
OPERATING REVENUE		
Lease revenue	\$ 4,258	\$ 4,258
OPERATING EXPENSES		
Depreciation	1,414	85,435
Fees	13,206	6,467
Scholarships	1,000	1,000
Loss on impairment of fixed assets	<u>-</u>	<u>843,469</u>
	<u>15,619</u>	<u>936,371</u>
GAIN (LOSS) FROM OPERATIONS	<u>(11,361)</u>	<u>(932,113)</u>
NONOPERATING REVENUE (EXPENSE)		
Interest income	917	834
Loss on disposal of fixed assets	<u>(60,129)</u>	<u>(156,869)</u>
	<u>(59,212)</u>	<u>(156,035)</u>
CHANGE IN NET ASSETS	(70,573)	(1,088,148)
TOTAL NET ASSETS, beginning of year	<u>460,506</u>	<u>1,548,654</u>
TOTAL NET ASSETS, end of year	<u>\$ 389,933</u>	<u>\$ 460,506</u>

See accompanying notes and accountant's report.

ST. LANDRY PARISH HOSPITAL SERVICE DISTRICT NO. 1

Statements of Cash Flows  
Years Ended May 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH USED BY OPERATING ACTIVITIES:		
Loss from operations	\$ (11,361)	\$ (932,113)
Adjustments to reconcile loss from operations to net cash used by operating activities:		
Impairment loss	-	843,469
Depreciation	1,414	85,435
Changes in assets and liabilities:		
Other receivables	79,000	(79,000)
Deferred revenue	<u>(3,058)</u>	<u>(3,058)</u>
Net cash provided (used) by operating activities	<u>65,995</u>	<u>(85,267)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the sale of fixed assets	<u>87,500</u>	<u>144,766</u>
Net cash provided by capital and related financing activities	<u>87,500</u>	<u>144,766</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest income	<u>917</u>	<u>834</u>
Net cash provided by investing activities	<u>917</u>	<u>834</u>
Net increase in cash and cash equivalents	154,412	60,333
Cash and cash equivalents, beginning of year	<u>125,582</u>	<u>65,249</u>
Cash and cash equivalents, end of year	<u>\$ 279,994</u>	<u>\$ 125,582</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	\$ <u>-</u>	\$ <u>-</u>
Cash paid for income tax	\$ <u>-</u>	\$ <u>-</u>

See accompanying notes and accountant's report.

## ST. LANDRY PARISH HOSPITAL SERVICE DISTRICT NO. 1

### Notes to Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Legal Organization

The St. Landry Parish Hospital Service District No. 1, ("District") was created by an ordinance of the St. Landry Parish Government. The governing board of the District consists of six members appointed by the Jury and the chief of the medical staff. Because the St. Landry Parish Government appoints the majority of the commissioners of the St. Landry Parish Hospital Service District No. 1, the parish government is considered to have the ability to impose its will on the District and therefore the District is a component unit of the St. Landry Parish Government, which is the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the parish government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

##### Nature of Business

The District leases real estate to professions and businesses providing healthcare services to the local community.

##### Proprietary Fund Accounting

The District utilizes the proprietary fund method of accounting whereby revenues and expenses are recognized on the accrual method. Hospital accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:514 and to the guide set forth in the *Louisiana Governmental Audit Guide*, and the *Audit and Accounting Guide - Health Care Organizations*, published by the American Institute of Certified Public Accountants, and standards established by the Governmental Accounting Standards Board (GASB), which is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

##### Property, Plant and Equipment

Purchased fixed assets are recorded at cost and donated fixed assets, if received, at fair market value on the date of any donation. Depreciation is calculated over estimated useful lives, using the straight-line method. Equipment under capital lease obligations is amortized using the straight-line method over the life of the asset if there is a bargain purchase option or transfer of title. If there is no bargain purchase option or transfer of title, the leased asset is amortized over the lease term. Such amortization is included in depreciation in the financial statements.

ST. LANDRY PARISH HOSPITAL SERVICE DISTRICT NO. 1

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Income Taxes

The District is a political subdivision of the State of Louisiana and exempt from taxation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounting Standards

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, the District has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB).

NOTE 2 CASH AND CASH EQUIVALENTS

Under state laws, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. The District has cash and cash equivalents (book balances) totaling \$279,994 and \$125,582 as of May 31, 2009 and 2008, respectively.

These deposits are stated at cost, which approximates market. Under state laws, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at May 31, 2009 and 2008, totaled \$279,994 and \$125,582, respectively, and were fully secured by federal deposit insurance.



ST. LANDRY PARISH HOSPITAL SERVICE DISTRICT NO. 1

Notes to Financial Statements

NOTE 3 PROPERTY, PLANT AND EQUIPMENT

The following is a summary of property, plant and equipment and related accumulated depreciation for the years ended:

	May 31, 2009		
	Cost	Accumulated Depreciation	Book Value
Land	\$ 152,908	\$ -	\$ 152,908
Buildings & Improvements	-	-	-
	<u>\$ 152,908</u>	<u>\$ -</u>	<u>\$ 152,908</u>
	May 31, 2008		
	Cost	Accumulated Depreciation	Book Value
Land	\$ 236,926	\$ -	\$ 236,926
Buildings & Improvements	135,706	(70,681)	65,025
	<u>\$ 372,632</u>	<u>\$ (70,681)</u>	<u>\$ 301,951</u>

Depreciation is calculated using the straight-line method. Useful lives for the purpose of calculating depreciation by class are:

Buildings & Improvements	10 - 40 years
Equipment	3 - 15 years

NOTE 4 OPERATING LEASES

The District leases property to PHC-Eunice, Inc. under a non-cancelable, operating lease for an initial term of fifty years, effective March 10, 2006. Subsequent to the initial term, the lease provides PHC-Eunice, Inc. an option to extend the lease for an additional term of twenty-five years. The following schedule provides, by year, the future minimum rentals under the lease as of May 31, 2009:

Year Ending May 31,	Amount
2010	\$ 3,058
2011	3,058
2012	3,058
2013	3,058
2014	3,058
Thereafter	127,679
	<u>\$ 142,969</u>

ST. LANDRY PARISH HOSPITAL SERVICE DISTRICT NO. 1

Notes to Financial Statements

NOTE 5      IMPAIRMENT OF LONG-LIVED ASSETS

In accordance with SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets", the St. Landry Parish Hospital Service District No.1 recorded an impairment charge during 2008 of \$843,469 relating to the old hospital premises. Due to remediation issues and property deterioration, an independent appraisal indicated that the old hospital's net realizable value was significantly less than its carrying amount resulting in the write down of this asset group.